

Scottish Forum on Natural Capital – Sustainable Land Management Group Meeting

25th August 2022. 1000 – 1200.

MS Teams meeting

Chair: Kerry Waylen (JHI)

Coordinator: Paul Richardson (SLE)

Attendees: Paul Richardson (Scottish Land & Estates), Alistair McVittie (SRUC), Andy Tharme (SOSE), Bruce Howard (Ecosystems Knowledge), Bruce Wilson (Scottish Wildlife Trust), Donya Davidson (NatureScot), Eleanor Harris (Galbraith), James MacKessack-Leitch (SLC), Julia Clough (SFoNC), Kate Hopper (NFUS), Kerry Waylen (JHI), Marc Metzger (University of Edinburgh), Stuart Shaw (NatureScot), Kirsty Blackstock (JHI), Catherine Preston (SEPA), Michiel Doyle (ScotGov), Ross Johnston (ScotGov).

Apologies: Marina Curran-Colthart (Argyll and Bute Council); Hamish Walls (SAOS); Louise Bond (SEPA), Rory McLeod (GCV Green Network), Pat Snowdon (Scottish Forestry), Jayne Ashley (SOSE), Kirsty Hutchison (NatureScot), Mary Christie (NatureScot), Ross Lilley (NatureScot).

Purpose:

- To update on policy, projects, events, and research links pertinent to group members
- To identify how the group can support RLUP stakeholder engagement and pilots

Agenda:

1. Welcome & update on SLMG – (Kerry Waylen)

Kerry welcomed and introduced the external speakers attending for the first time.

2. Project Development Officer introduction – (Julia Clough)

Julia has recently joined the Scottish Wildlife Trust, including the Scottish Forum on Natural Capital (SFoNC) as a Project Officer and has been in the role for around one month, taking over from Rory McLeod. Julia will be reviewing and updating the website, areas for each of the working groups to interact, recruiting to boost the membership, planning and delivering events amongst other things.

3. Scottish Government policy update – (Delivered by Stuart Shaw) with Ross Johnston joining later

On the National Test Programme, the focus is moving towards delivering the ScotGov Vision for Agriculture, with a new structure in place by 2025/26. 50% of payments will be linked to some form of conditionality.

Preparing for Sustainable Farming (formerly known as Track 1) will:

- Encourage farmers to improve their knowledge – environmental performance, efficiency and baselining.
- Support available for carbon audits, nutrient management plans, and a biodiversity audit (ready for a soft launch in spring 2023).

Testing Actions for Sustainable Farming (formerly know as Track 2) will:

- Design and test tools and measures that deliver climate and biodiversity outcomes.
- A survey for participants is currently underway, building towards an 18-month pilot, expected to start in January 2023.
- NatureScot are working with ScotGov to develop a list of measures that can deliver for biodiversity action, particularly around soil health, linear features, permanent habitats, and farmland species.

Finally, under development is 'Rural Funding for Nature' which will be the successor to schemes such as the Agri-Environment Climate Scheme (AECS) and the top tier payments.

The Agriculture Bill consultation is due [note released 29th August] and will run for 12 weeks. This will be an enabling Bill, with detail following in secondary legislation.

4. **NatureScot update** – (Donya Davidson / Stuart Shaw)

Donya is the Natural Capital Tools Manager at NatureScot, and part of the role is developing a landscape scale natural capital tool for Scotland. A copy of Donya's presentation is included with the meeting outputs.

The vision is to create a tool that will support integrated and collaborative approached to land management, and will help land managers target areas in the most need of intervention to ensure that benefits are being provided to the communities, habitats and wildlife that need it the most.

The tool will be open access, free to use and will have a spatial mapping element so users can clearly see where the priorities and opportunities are geographically. The tool will take a landscape scale approach, with an agricultural focus, connecting and restoring habitats and ecosystem function.

The tool will be developed using a co-design approach, ensuring it is easy to use and interpret. This process will continue with a series of workshops by the end of 2022 to identify user needs and determine what ecosystem services are important to stakeholders. This will be followed up with more detailed workshops in early 2023, hoping to pilot the tool from March to November 2023.

Action: Donya can come back to the group if she would like any issues raised with ScotGov and other stakeholders.

Stuart provided a general update on NatureScot's recent work, including the Natural Capital Pilot Programme, renamed Farming with Nature. The key projects in this programme are the Natural Capital Assessment Template, and piloting a natural capital, outcomes-based approach.

There is also a biodiversity audit and app in development, which will:

- Be part of Preparing for Sustainable Farming
- Develop a simple and easy to use whole farm biodiversity assessment (and app), with a soft launch in Spring 2023

- In the first phase of the project – map habitats across the farmed landscape, then there will be a simple assessment of the quality of those habitats
- Work with ScotGov to use existing open-source data to create a habitat layer for their LPIS mapping system
- Then be ‘ground truthed’ using the app by farmers, with the habitat layer updated as required.

5. **Natural Capital Finance & Investment Conference 2022** – (Bruce Howard)

Bruce is a Director at the Ecosystems Knowledge Network. This is a UK wide knowledge sharing network that is now 10 years old, initiated by the UK Government aiming to highlight the connections between the environment, wellbeing and prosperity, and showing how it is possible to use environmental restoration for wider benefits. The EKN is free to sign up as a member, and is open to all.

The Natural Capital Finance and Investment Conference 2022 is taking place this autumn (in it’s fifth year), being run in association with Scottish Nature Finance Pioneers. There will be two days, as well as an online element; 17th Oct London, 1st Nov Edinburgh. The theme is the link between climate finance, and nature finance.

<https://ecosystemsknowledge.net/naturalcapitalconference>

Action: All anyone with ideas for the conference etc. to get in touch with Bruce: Bruce@ecosystemsknowledge.net

6. **SLMG Terms of Reference** – (Kerry Waylen)

The ToR were circulated prior to the meeting, the revisions being prompted by the change in the Chair. We reiterated the knowledge sharing and ‘Chatham House Rules’ aspect of the group, as well as the membership of the core facilitation group.

Action: Julia will join the core facilitation group.

Action: Do we want a Basecamp group for the SLMG? TBC. Worth considering a trial. **Julia and Paul** to discuss offline.

Action: Julia Revised ToR to be displayed on SFoNC website.

Action: Core facilitation group to move forward with 2023 get together.

7. **Track 2, National Test Programme** – (Michiel Doyle)

Michiel is the policy lead responsible for Track 2 of the National Test Programme, aka Testing Actions for Sustainable Farming at the Scottish Government. A copy of the NTP stakeholder presentation is included with the meeting outputs.

Track 2 is a national pilot to develop and test actions that may become a requirement of direct support from 2025 onwards. The key aims are:

- I. To develop and test actions that could become a conditional element of future direct support

- II. To determine the data and metrics required to demonstrate they deliver against outcomes.

Phase 1 is in the form of a survey for invited and volunteer participants [concluded end of August 2022], on awareness, attitudes, barriers and incentives towards sustainable farming. Phase 2 will involve farmers and crofters testing activity from a list of sustainability actions, with advisory support, providing data and feedback for analysis. Phase 2 will start in Autumn and run into 2023.

8. **Natural Capital and Land Markets, Scottish Land Commission** – (James MacKessack-Leitch)

James is the policy and practice lead at the Scottish Land Commission, and a copy of the presentation is included with the meeting minutes. Some recent research findings identified that there are different drivers for market activity across different land types and land uses. Commercial forestry has been the biggest driver of land value increases, but natural capital investment is more important (particularly in peatland) for the highland estate market.

The rise in land values is demand led, and recent supply has been consistent with the 10 year average. There has also been a considerable increase in off-market transactions, as well as an element of speculation.

Within agriculture, the prime arable land market is operating largely as expected. i.e., expansion of agri-businesses and farm consolidation as it has been for some years. In upland and marginal settings, there is more activity from the forestry sector and lifestyle buyers looking for a move to rural areas. This is causing some upland farms to be split up.

The highest price recorded in 2021 for forestry land was just over £39,000 per hectare for an established plantation. High timber prices, planting targets, generous incentives and supportive policy, and carbon sequestration are significant factors buoying demand.

In the estates market supply remains low but consistent, with the majority of sales and transfers taking place off-market. There has been a significant shift in buyer profiles, with half now corporate, institutional, or NGOs.

The Land Reform Bill – currently out for consultation [closes 25th September 2022] – includes a definition of 'large scale', where proposed mechanisms will act, a public interest test for large scale land transfers, strengthening the Land Rights and Responsibilities Statement (LRRS), a requirement for management plans, public support being tied to the Land Register, and new land use tenancies for activities out with the definition of agriculture.

9. **Outputs / Actions**

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